



# The Top 9 Ways to Increase Customer Loyalty

Professor Sam Lota Jr-EMBA

## Abstract

Every company executive will raise their hand and say they believe having loyal customers is the key to business success. But what are executives really doing about it? Most point to customer care training or CRM systems and say “this is how we take care of loyalty at our firm”. Some point to monthly newsletters or discount programs to demonstrate their efforts. All of these are good attempts, however, they are not good enough. Companies are losing customers at a staggering rate and never hearing from most of them.

Each year the average company loses 10-15% of its customer base. 84% of customers who leave do so because of poor service. A typical business only hears from 4% of its dissatisfied customers the other 96% leave, 91% leave for good. By understanding certain principles and putting those principals into practice a company can foster a culture of greater loyalty and engagement that will reward them with greater profits and increased sales.

These topics can be separated into three primary groups:

1. Basic Concepts
2. Technologies
3. Business Outcomes

## Technologies

**4. Complaint Management**-Establish channels (electronic, phone, written) to build engagement one customer at a time-Encourage customers to let their voice be heard-Create metrics to improve response to concerns-Create metrics to measure loyalty before and after the problem-Use technology to help you centralize the information, create reports.

**5. Proactive Surveys**-Make sure your surveys are short, bias-free, and well structured-Use random sampling to gather feedback continuously with over-surveying-Create summary survey indices that can be displayed graphically and tracked over time.

**6. Enterprise Feedback Management**-Empower customers to give feedback through common advertised channels-Centralize reporting for proactive surveys and complaint management solutions-Structure quantitative feedback into a drill down or rollup report-Make open ended feedback intuitively searchable.

## Business Outcomes

**7. Descriptive Statistics**-Descriptive statistics such as mean, median, mode, top-box, and frequency cross tables summarize the multitude of responses into manageable information.

**8. Predictive Analytics**-Analyze data using a statistical technique to reveal the most important areas of focus-Use common statistical methods including correlation, multiple regression, factor analysis, and logit models-Recognize that the important areas of focus may change over time to respond with changes in economic, competitive, and demographic environment of your business.

**9. Alignment with Business Outcomes**-Whatever you do, the ultimate goal should be oriented to optimize business outcomes specific to your circumstances. Orienting an organization to focus on satisfaction, loyalty, and engagement is no panacea. However researchers have clearly documented the short term benefits to customer/employee retention and long term benefits to profitability. In the modern economic landscape, loyal customers and loyal employees supply an organization with a huge competitive advantage.

## Basic Concepts

1. **Satisfy** your customers with product quality.
2. **Build loyalty** by exceeding expectations and building opportunities for repeat business-Be acutely responsive to customer questions, comments, and complaints-Drive product development to offer more value for less cost-Give your customers a chance to be loyal by offering products for repeat business.
3. **Engage your customers** by reaching out to create a dialog-Listen to customer feedback from comment cards, letters, phone calls, and surveys-Trust your customers to tell you what the problem is-Respond quickly and personally to concerns of high interest to your customers, by responding quickly, you can actually increase loyalty.

## In conclusion: To Truly Understand the Voice of the Customer:

To really understand the voice of the customer you need the ability to gather feedback, both solicited (such as through surveys and mystery shopping) and unsolicited (comment cards, web or other electronic submissions and in-person/live submissions).

Then you need the ability to manage that feedback, generate reports, use analytics and dashboards, to make sense of it all.

## References

MaritzCX, Bain&Company, Forum Corp, Jim Barnes-  
“Secrets of “CRM”